

Economic and financial crimes cost American individuals and businesses billions of dollars every year. Data from the Uniform Crime Report (UCR) and National Crime Victimization Survey (NCVS) tend to focus on traditional property crimes such as burglary and theft. Victimization data indicates that these crimes disproportionately affect lower-income individuals. Bank robberies constitute another form of traditional property crime for which the FBI collects information. Burglary, theft, and bank robbery, though, make up only a portion of financial crime. Various forms of fraud—including mortgage, health care, mass marketing, and securities and commodities fraud—can generate massive losses to individual and corporate victims. These crimes are underreported and can be difficult to investigate and prosecute. Successfully prosecuted fraud cases, however, result in billions of dollars in criminal restitution, fines, and civil settlements, as well as millions of dollars in seizures and civil restitution. As technology expands into all aspects of Americans' daily lives, it also plays a growing role in the commission of many financial crimes. Offenders use Internet-based tools such as spyware, malicious codes, viruses, worms, and malware to commit fraud, scams, identity theft, and other crimes.

Property Crimes

- According to the FBI in 2011, the property crimes of burglary and theft reported to police resulted in an estimated \$15.6 billion in losses.¹
- According to the FBI, the number of burglaries reported to police (nearly 2.2 million) remained fairly stable from 2010 to 2011. The average property loss per burglary was \$2,185, up approximately \$66 from 2010.² The total amount lost to burglaries was an estimated \$4.8 billion.³
- In 2011, the average dollar loss due to arson reported to police was \$13,196.⁴
- According to the NCVS in 2011, households in the two lowest income categories (less than \$7,500 per year and \$7,500 to \$14,999 per year) had the highest overall property victimization rates (243.8 and 208.4 per 1,000 households, respectively), compared to households in the two highest income categories (\$50,000 to \$74,999 and \$75,000 or more), which had the lowest overall property victimizations rates (133.7 and 117.7 per 1,000 households, respectively).⁵

¹ Federal Bureau of Investigation. *Crime in the United States, 2011*. "Property Crime." (Washington, DC: U.S. Department of Justice, 2012), accessed September 17, 2013. <http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2011/crime-in-the-u.s.-2011/property-crime/property-crime>.

² Federal Bureau of Investigation. *Crime in the United States, 2010*. "Burglary." (Washington, DC: U.S. Department of Justice, 2012), accessed September 6, 2013. <http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2010/crime-in-the-u.s.-2010/property-crime/burglarymain>.

³ Federal Bureau of Investigation. *Crime in the United States, 2011*. "Burglary." (Washington, DC: U.S. Department of Justice, 2012), accessed September 6, 2013. <http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2011/crime-in-the-u.s.-2011/property-crime/burglary>.

⁴ Federal Bureau of Investigation. *Crime in the United States, 2011*. "Arson." (Washington, DC: U.S. Department of Justice, 2012), accessed September 17, 2013. <http://www.fbi.gov/about-us/cjis/ucr/crime-in-the-u.s/2011/crime-in-the-u.s.-2011/property-crime/arson>.

⁵ Calculated from Bureau of Justice Statistics. *Rates of Property Victimization by Household Income, 2011*, generated using the NCVS Victimization Analysis Tool, accessed September 17, 2013. <http://www.bjs.gov/index.cfm?ty=nval>.

Bank Robberies

- In 2011, the FBI reported a total of 5,014 bank robberies. Of these, 4,495 were commercial banks, 105 savings and loan associations, 398 credit unions, and 16 mutual savings banks.⁶
- In 2011, 89 percent of total incidents of bank robberies resulted in cash, securities, and checks— including traveler's checks—being stolen. Of the incidents where money/negotiable instruments⁷ were taken, law enforcement agencies reported full or partial recovery of these losses in 21 percent of cases (973 incidents out of 4,534).⁸
- In 2011, a total of \$38,343,501.96 was taken in these incidents of bank robbery. Of this amount, law enforcement reported \$8,070,886.97 in recovered money/negotiable instruments.⁹

Fraud

- During 2011, an estimated¹⁰ 10.8 percent of adults (25.6 million people) were victims of one or more types of fraud for a total of an estimated 37.8 million incidents of fraud.¹¹
- In a survey of 3,638 adults age 18 and over in 2011, respondents who had experienced a serious negative life event¹² in the last two years were more than 2.5 times as likely to have experienced fraud as those who did not suffer such event.¹³
- In 2012, consumers reporting fraud to the Federal Trade Commission lost a total of more than \$1.4 billion dollars.¹⁴
- In 2011, corporate crime cases investigated by the FBI resulted in 242 indictments filed and 241 individuals convicted of corporate crimes.¹⁵ These cases resulted in \$2.4 billion in restitution orders and \$16.1 million in fines from corporate criminals.¹⁶

⁶ Federal Bureau of Investigation. "Bank Crime Statistics (BCS)." (Washington, DC: U.S. Department of Justice, 2012), accessed October 5, 2013. <http://www.fbi.gov/stats-services/publications/bank-crime-statistics-2011/bank-crime-statistics-2011>.

⁷ Money/negotiable instruments includes cash, securities, checks, food stamps, and other property.

⁸ Ibid.

⁹ Ibid.

¹⁰ The estimate is based on a 2011 survey of 3,638 adults age 18 and older.

¹¹ Keith B. Anderson. "Consumer Fraud in the United States, 2011: The Third FTC Survey." (Bureau of Economics, Federal Trade Commission, 2013), i. http://www.ftc.gov/sites/default/files/documents/reports/consumer-fraud-united-states-2011-third-ftc-survey/130419fraudsurvey_0.pdf.

¹² Serious negative life events include divorce, death of a family member or close friend, serious injury or illness in the family, or loss of a job.

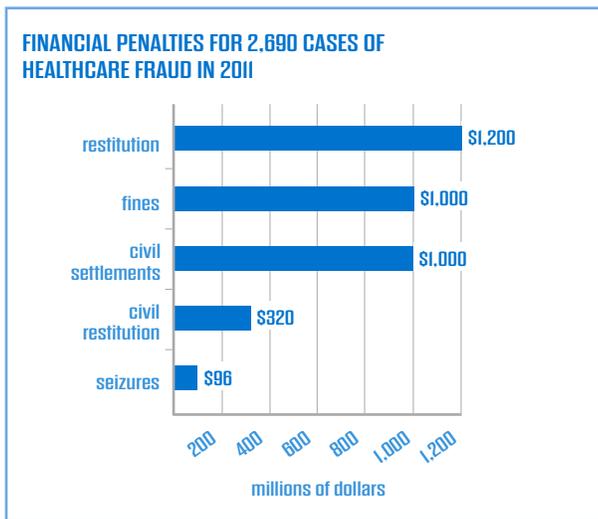
¹³ Ibid., v.

¹⁴ Federal Trade Commission. *Consumer Sentinel Network Data Book for January–December 2012*. (Washington, DC, 2013), 3, accessed September 6, 2013. <http://www.ftc.gov/sentinel/reports/sentinel-annual-reports/sentinel-cy2012.pdf>.

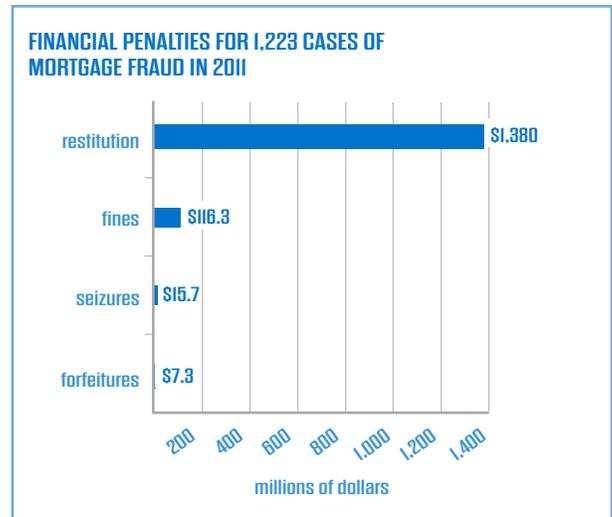
¹⁵ Corporate crimes include falsification of financial information of public and private corporations, self-dealing by corporate insiders, and obstruction of justice designed to conceal these criminal activities. For a detailed list, see pages 6 and 7 of the FBI's *Financial Crimes Report to the Public, Fiscal Years 2010–2011*.

¹⁶ Federal Bureau of Investigation. *Financial Crimes Report to the Public, Fiscal Years 2010–2011*. (Washington, DC: U.S. Department of Justice, 2012), 7, accessed October 12, 2013. <http://www.fbi.gov/stats-services/publications/financial-crimes-report-2010-2011/financial-crimes-report-2010-2011.pdf>.

- In Fiscal Year 2011, 2,690 healthcare fraud cases investigated by the FBI resulted in 1,676 indictments and 736 individuals convicted of healthcare fraud.¹⁷ These cases resulted in \$1.2 billion in restitution, \$1 billion in fines, over \$1 billion in civil settlements, \$320 million in civil restitution, and \$96 million in seizures.¹⁸
- In Fiscal Year 2012, the Justice Department opened 1,131 new criminal healthcare fraud investigations involving 2,148 potential defendants. A total of 826 defendants were convicted of healthcare fraud-related crimes, and nearly \$4.2 billion in taxpayer dollars was recovered.¹⁹



- The number of FBI pending mortgage fraud cases increased from 1,199 cases in Fiscal Year 2007 to 2,691 cases in Fiscal Year 2011. Fiscal Year 2010 had the most cases with 3,129.²⁰
- In Fiscal Year 2011, 2,691 mortgage fraud cases investigated by the FBI resulted in 1,223 indictments and 1,082 individuals convicted of mortgage fraud.²¹ These cases resulted in \$1.38 billion in restitution, \$116.3 million in fines, \$15.7 million in seizures, and \$7.33 million in forfeitures.²²



- In Fiscal Year 2011, 1,719 financial institution fraud cases investigated by the FBI resulted in 521 indictments and 429 individuals convicted of financial institution fraud.²³ These cases resulted in \$1.38 billion in restitution, \$116.3 million in fines, and seizures valued at \$15.7 million.²⁴
- In Fiscal Year 2011, 1,846 securities and commodities fraud cases investigated by the FBI resulted in 520 indictments and 394 individuals convicted of securities and commodities fraud.²⁵ These cases resulted in \$8.8 billion in restitution orders, \$36 million in recoveries, \$113 million in fines, and \$751 million in forfeitures.²⁶

Internet-Based Crimes

- In 2012, a projected 58.2 million American adults had at least one malware infection that affected their home computer.²⁷ The overall cost of repairing these damages was nearly \$4 billion. In comparison, American adults incurred \$1.2 billion in damages from spyware in 2010.²⁸

¹⁷ Healthcare fraud includes billing for services not rendered, upcoding of services, upcoding of items, duplicate claims, unbundling, excessive services, medically unnecessary services, and kickbacks. For more details, see pages 19–21 of the FBI's *Financial Crimes Report to the Public, Fiscal Years 2010–2011*.

¹⁸ *Ibid.*, 18.

¹⁹ Department of Health and Human Services and Department of Justice. "Health Care Fraud and Abuse Control Program Annual Report for Fiscal Year 2012." (2013), 1, accessed September 17, 2013, <http://www.justice.gov/opa/pr/2013/February/13-ag-180.html>.

²⁰ Federal Bureau of Investigation. *Financial Crimes Report to Public: Fiscal Years 2010–2011*, 24.

²¹ Mortgage fraud includes schemes that employ some type of misstatement, misrepresentation, or omission related to a real estate transaction that is relied on by one or more parties to the transaction. For more details, see page 22 of the FBI's *Financial Crimes Report to the Public, Fiscal Years 2010–2011*.

²² *Ibid.*, 26.

²³ Financial institution fraud includes insider fraud (embezzlement), check fraud, counterfeit negotiable instruments, checking kiting, and fraud contribution to the failure of financial institutions.

²⁴ *Ibid.*, 31.

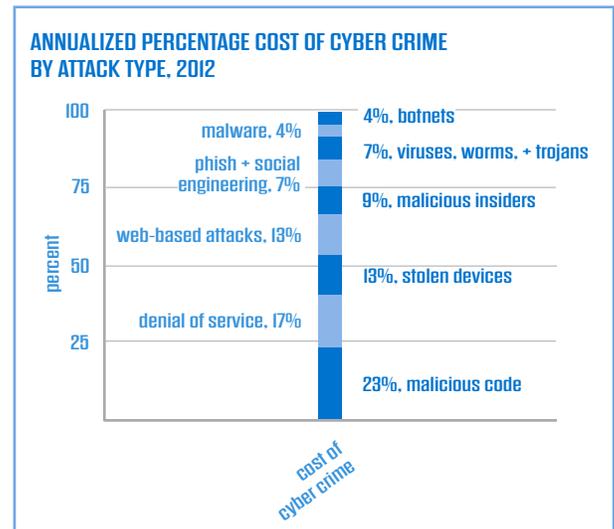
²⁵ Securities and commodities fraud include investment fraud such as Ponzi schemes and pyramid schemes as well as foreign currency exchange fraud, precious metals fraud, market manipulation, and late-day trading. For more details, see pages 11–13 of the FBI's *Financial Crimes Report to the Public, Fiscal Years 2010–2011*.

²⁶ *Ibid.*, 13.

²⁷ Consumer Reports. "Consumer Reports Survey: How Safe is Your Home Computer?," *Consumer Reports Magazine*, May 2013, accessed September 17, 2013, <http://www.consumerreports.org/cro/news/2013/05/consumer-reports-survey-how-safe-is-your-home-computer/index.htm>.

²⁸ Consumer Reports. "State of the Net, 2010," *Consumer Reports Magazine*, June 2010, accessed September 13, 2013, <http://www.consumerreports.org/cro/magazine-archive/2010/june/electronics-computers/social-insecurity/state-of-the-net-2010/index.htm>.

- In 2012, 9.2 million American adults were tricked into submitting personal data to criminal websites. Hundreds of thousands of Americans lost money from a bank account as a result.²⁹
- In 2012, the Internet Crime Complaint Center (“IC3”) received 289,874 consumer complaints with an estimated loss of \$525.4 million, an 8.3 percent increase from 2011.³⁰ The median dollar loss in 2012 was \$600, down slightly from \$636 in 2011.³¹
- In 2012, IC3 received about 47 complaints per day about spam e-mails purportedly sent from the FBI. Victims reported losing more than \$6,600 to this scam every day.³²
- In 2011, the Internet was the source of information about fraudulent offers in approximately 33 percent of incidents, compared to approximately 20 percent in 2005.³³
- Auto fraud—when criminals attempt to sell vehicles they do not own—was the most frequently reported Internet crime to IC3 in 2012 with over 17,000 complaints received.³⁴
- In a 2012 nationally-representative survey of over 2,000 adults age 40 and older, 84 percent of respondents reported being solicited to participate in a potentially fraudulent offer. Approximately 11 percent of respondents reported losing what they considered to be a significant amount of money after engaging with an offer.³⁵
- According to a 2012 industry-sponsored report, the median annual cost of cybercrime for a sample of 56 large corporations was \$6.1 million, with a range from \$1.4 million to \$46 million per company.³⁶ This amount is up from \$5.9 million in 2011 and \$3.8 million in 2010.³⁷
- The costs attributed to these cybercrimes can be divided as follows: 26 percent were due to malicious code attacks; 20 percent were due to denial of service attacks; 12 percent were due to web-based attacks; 12 percent were due to stolen devices; 8 percent due to malicious insiders; 7 percent were due to phishing and social engineering; 7 percent were due to viruses, worms, and trojans; 4 percent were due to malware; and 4 percent were due to botnets.³⁸
- The 56 companies sampled in the study experienced an average of 102 successful attacks per week in 2012, up from 72 per week in 2011.³⁹ +



²⁹ Exact numbers of people who lost money from these scams were not provided. Consumer Reports, “Consumer Reports Survey: How Safe is Your Home Computer?”.

³⁰ Internet Crime Complaint Center, *2012 Internet Crime Report*, (National White Collar Crime Center, 2013), 5, accessed September 6, 2013. http://www.ic3.gov/media/annualreport/2012_IC3Report.pdf.

³¹ *Ibid.*, ii.

³² Consumer Reports, “Consumer Reports Survey: How Safe is Your Home Computer?”.

³³ Anderson, *Consumer Fraud in the United States*, 2011, iii.

³⁴ Internet Crime Complaint Center, *2012 Internet Crime Report*, 8.

³⁵ Applied Research & Consulting LLC, “Financial Fraud and Fraud Susceptibility in the United States: Research Report from a 2012 National Study,” (New York, NY: Applied Research & Consulting LLC, 2013), 3, accessed October 3, 2013. http://www.finrafoundation.org/web/groups/sai/@sai/documents/sai_original_content/p337731.pdf?utm_source=MM6utm_medium=email&utm_campaign=Foundation_News_091213_FINALhttp://

³⁶ Ponemon Institute, *2012 Cost of Cyber Crime Study: United States*, (2012), i, accessed September 17, 2013. http://www.ponemon.org/local/upload/file/2012_US_Cost_of_Cyber_Crime_Study_FINAL6%20.pdf.

³⁷ Cybercrimes are defined here as criminal activity conducted via the Internet. Ponemon Institute, *Second Annual Cost of Cyber Crime Study*, (2011), 1–2, accessed October 11, 2013. http://www.hpenterprisesecurity.com/collateral/report/2011_Cost_of_Cyber_Crime_Study_August.pdf.

³⁸ Ponemon Institute, *2012 Cost of Cyber Crime Study: United States*, i.

³⁹ *Ibid.*; Ponemon Institute, *Second Annual Cost of Cyber Crime Study*, i.